

# MUSIC PIRACY: PERSISTENT CHALLENGES, POTENTIAL SOLUTIONS

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On January 1, 2008, EMI Thailand, the local subsidiary of one of the four largest music labels along with SONY-BMG, Warner, and Universal, closed its CD and DVD manufacturing operation in Thailand. This is not good news for the music entertainment industry in Thailand, as not only does it reflect a drastic change of lifestyle of music consumers, but it also demonstrates that copyright piracy remains a major problem. EMI reported dramatic sales reductions because it could not compete with the low prices of pirated CDs and DVDs.

The International Intellectual Property Alliance (IIPA) says that around 20 local Thai independent labels were forced out of business in 2006. Is Thailand going to witness more closures in the music industry and become known as another major hub for music piracy?

The IIPA estimates that in Thailand, 50% of music sold in 2007 was pirated, with an estimated loss of US\$21.7 million. The group is calling for Thailand to remain on the Priority Watch List for continuing to inadequately protect copyright and other intellectual property rights.

Sophisticated crime networks are now behind today's music piracy. The syndicates hire young salespersons, 19- or 20-year-olds, or even children and disabled persons, who might not be prosecuted to the full extent of the law or on whom the public will take pity and buy their goods. In addition, the syndicates hire "spotters" whose job is to look out for police coming to conduct inspections or raids. The spotters even have photographs of people involved in the copyright industry.

A serious consequence of this problem could be that investment in developing artists would be eroded and the Thai music industry would suffer. Piracy is not a victimless crime. The singer or musician whose work is stolen is a victim; the Thai software engineer whose work is copied without recompense loses his livelihood. What rightfully belongs to the singer/musician and the engineer goes into the pockets of organized crime. Other employees of music companies also suffer if their company goes out of business, as a number already have. Thai customers need to know that the major cost of IP theft is not to the big international brand owners but to the country's economy, its employment, its reputation, and its future.

Effectively responding to these challenges is not easy, but it is most certainly essential. The 2008 Special 301 Report for Thailand by the IIPA commends the Thai government for the increasingly active role played by enforcement authorities in the past year. In 2007, millions of pirated CDs and DVDs were seized, but millions more continue to plague the local market. The IIPA therefore encourages the government to continue its efforts in this regard. Stringent enforcement of copyright by the government, in coordination with IP owners, represents the single most important long-term solution to music piracy.

Thailand must also finalize the approval of an important proposed amendment to the copyright law. The draft bill creates a new regulatory regime to deal with the collection of royalties on copyrighted work in the domestic music industry, an area which is prone to confusion and exploitation under the existing legislation.

Thailand also needs to modernize its copyright laws with modern enforcement provisions and join the World Intellectual Property Organization (WIPO), the World Copyright Treaty (WCT), and the World Performance and Phonograms Treaty (WPPT) and abide by their rules. ♦